

LNF & IHCIF Calculations Illustration

- Little Traverse Odawa in Bemidji area -

Given Data

- 2,500 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 56% = % Expenditures on purchased services, 44% = % expenditures in-house
- 97.2% = Cost index for purchasing health care in this geographic area
- 122.6% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

Cost Adjustment Calculations

- \$1,621 per person for purchased services = $56\% * 97.2\% * \$2,980$
- \$1,610 per person for in-house services = $44\% * 122.6\% * \$2,980$
- \$3,230 per person total = \$1,621 (purchase) + \$1,610 (in-house)
- **\$3,421 per person total** adjusted for health status = $\$3,230 * 105.9\%$
- **\$2,676 per person net cost** = $\$3,421 - \745 Other resources (M&M&PI)

Existing Expenditures (for 2,500 users excluding wrap-around and collections)

- \$812 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$960 per person for OU users** = $\$812 + \$94 + \$54$

LNF Calculation

- **28.1% Gross LNF** = $\$960$ (expenditures) / $\$3,421$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **35.9% Net LNF** = $\$960 / \$2,676$ net cost ($\$3,421 - \745 other)

IHCIF Allocation

- \$1,613,580 = \$ to raise LNF% from 35.9% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$56,282 Allocation** = $\$1,613,580$ needed for 60% * 3.488% IHCIF fraction

Little Traverse Odawa Unmet Needs

- **\$6,691,197 Net Total Need** = 2,500 users * \$2,676 net cost
- **\$4,290,059 Net Unmet Need** = $(100\% - 35.9\% \text{ LNF}) * 2,500 \text{ users} * \$2,676 \text{ net cost}$